

**TITLE OF REPORT:**        **Housing Delivery Test Action Plan**

**REPORT OF:**                **Peter Udall – Strategic Director Economy, Innovation and Growth**

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### **Purpose of the Report**

1.        To recommend that Cabinet approves the new Housing Delivery Test Action Plan.
2.        To recommend that Cabinet delegates authority to the Strategic Director, Economy, Innovation and Growth in consultation with the relevant Cabinet Member to:
  - a.        Make any minor changes to the action plan.
  - b.        Publish the action plan and submit it to the Ministry of Housing Communities and Local Government (MHCLG) if necessary.

### **Background**

3.        The latest results of the Housing Delivery Test (HDT) were published by the Government on 19 January 2021. The results of the HDT set out how each Local Authority in England is performing in delivering new housing. The test will continue to apply each year onwards.
4.        The results show that the delivery rate of new housing in Gateshead is meeting 63% of the number of new homes required (a 3% improvement on the previous result). 819 net additional dwellings were delivered against a requirement for 1299 over the period 2017/18 to 2019/20 (giving a deficit of 480 homes).
5.        When compared to other local authority areas, Gateshead's performance was the lowest of all local authorities in the North East (including authorities within Tees Valley) who, apart from South Tyneside, all delivered more than 100% of their housing requirement.

Due to the previous results, an action plan was published on the Council's website in September 2020. The new action plan will replace the old one.

6.        As a consequence of the HDT results showing that housing delivery is meeting less than 75% of need, sanctions have been applied to the Council which mean that the Council may be unable to apply some planning policy requirements if they prevent housing coming forward on some sites (the presumption in favour of sustainable development) and the requirement to produce an action plan setting out how the delivery of new housing in the Borough can be increased.

7. In addition, the Council does not have a 5-year land supply of deliverable housing sites as required by Government.
8. The lack of housing delivery in the Borough has numerous potential consequences including jeopardising economic growth and delivery of affordable housing and increasing in-commuting from neighbouring areas into the Borough, making its target of achieving carbon neutrality by 2030 more difficult. In addition, the lack of delivery has resulted in a reduced level of New Homes Bonus received by the Council.
9. The Gateshead Local Plan (Core Strategy) & Housing Strategy identify the need to deliver 11,000 gross additional homes between 2010 and 2030 (8,500 net new homes) and 3,277 new affordable homes between 2015 and 2030. The Council monitors progress through the Annual Monitoring Report (AMR) <https://www.gateshead.gov.uk/article/3109/Annual-Monitoring-Reports> The latest AMR shows 301 (net) new homes were provided in 2019/20, and on average 275 (net) new homes were provided in each of the last five years. These figures contrast with a housing requirement of 484 homes per year over the same period.

### **Structure of the action plan**

10. The Action Plan firstly examines the existing situation in terms of delivery of housing in the Borough and what the consequences are in terms of under delivery. It then examines the root causes of under delivery before assessing how successful the measures in the previous action plan have been before setting out new key actions and responses and ways of measuring these.
11. The Action Plan is aligned with the Council's Housing Strategy, the Core Strategy and the Council's pledge to make Gateshead A Place Where Everyone Thrives.

### **Next steps**

12. The next set of results from the HDT are expected late 2021. They will provide an opportunity to review the action plan and the success of the measures already in place.

### **Recommendations**

13. It is recommended that Cabinet:
  - (i) Approves the content of the action plan.
  - (ii) Delegates authority to the Strategic Director, Economy, Innovation and Growth to:
    - a. make any minor changes to the action plan.
    - b. publish the action plan and submit it to the Ministry of Housing Communities and Local Government (MHCLG) if necessary.

For the following reasons:

- (i) To increase the amount of new housing delivered in the Borough to meet Local Housing Need and in line with the Core Strategy.
- (ii) The need to publish an action plan in accordance with paragraph 75 of the National Planning Policy Framework (NPPF).

## Policy Context

1. The action plan is a consequence of the HDT results and in accordance with paragraph 75 of the NPPF.
2. The need to increase the level of housing delivery in Gateshead is required to meet the number of new homes required in the Core Strategy. The Housing Strategy also identifies housing objectives and priorities including ensuring that the supply of new housing best meets current and future needs and aspirations and creates thriving mixed communities. The Council's Making Gateshead Thrive pledge requires new housing to help people and families, tackle inequality, support communities, invest in the economy and create a better future for Gateshead.

## Alternative Options

3. There are no realistic alternatives other than to proceed with the publication of the action plan by the end of July 2021 given that it is required under national planning policy and to ensure that the levels of new housing identified in the Core Strategy (Local Plan) are met.

## Implications of Recommendation

4. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Resources and Digital are no direct financial implications arising from this report.
  - b) **Human Resources Implications** – There are no human resource implications arising from this report.
  - c) **Property Implications** - There are no direct property implications arising from this report.
5. **Risk Management Implication** – Publishing and following the action plan will provide the best opportunity to increase the delivery of new homes. If new homes continue to be delivered in insufficient numbers this would potentially mean that less weight can be given to local planning policies (in the Local Plan) would put at risk the delivery of corporate policies, jeopardise economic growth and job creation, jeopardise the regeneration of brownfield land and put pressure on allocating more Green Belt land for housing, jeopardise the delivery of affordable housing and lead to increased commuting into the Borough (with potential for increased traffic and reductions in air quality). In addition, the amount of New Homes Bonus received by the Council would continue to be limited.
6. **Equality and Diversity Implications** – The action plan aims to deliver more new homes which will also help to increase the number of affordable homes delivered and help Gateshead to become A Place Where Everyone Thrives.
7. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.

8. **Health Implications** - The provision of a greater number of required homes would help to improve health and wellbeing.
9. **Climate Emergency and Sustainability Implications** – There are no implications arising directly from this report but the provision of a greater number of homes in accessible locations would have positive social, economic and environmental sustainability implications.
10. **Human Rights Implications** - There are no human rights implications arising from this report.
11. **Ward Implications - All**

## APPENDIX 2

# Housing Delivery Test Action Plan

## BACKGROUND

1. The 2020 results of the Government's Housing Delivery Test (issued in January 2021) show that only 63% of new housing required in the Borough is being delivered. Whilst this is an improvement of 3% from the previous HDT results (issued in February 2020), the Council is still required to publish an action plan to look at the causes of under delivery and to set out actions to increase delivery.
2. A previous action plan (as required under the previous HDT results) was published by the Council in September 2020. Therefore, this action plan will refresh the actions in the previous one.
3. The HDT is a percentage measurement of the number of net homes delivered against the number of homes required in the Council's Local Plan (Core Strategy and Urban Core Plan – CSUCP) (or where the Local Plan is older than 5 years, the national household projections).
4. In comparison to last year, Gateshead's performance against the HDT is still the lowest of all authorities in the north east of England. If not enough homes are delivered in Gateshead this has several consequences:
  - **Jeopardise economic and population growth** – The CSUCP requires 11,000 new homes over the period 2010-2030 to support economic growth and prevent a decline in the working age population.
  - **Put at risk the ability to regenerate the urban area** – including redevelopment of brownfield land.
  - Put at risk the ability to deliver housing that would **support services in neighbourhoods and villages.**
  - **Jeopardise the ability to deliver affordable housing.**
  - Increase commuting into the urban core from areas outside of Gateshead, **increasing traffic congestion and reducing air quality.**
  - Increase pressure to allocate further land in the **Green Belt** for housing.
  - Put at risk the ability to **deliver the Council's Housing Strategy** (by ensuring that the supply of new housing best meets current and future needs and aspirations).

- Introduce the principle in favour of sustainable development meaning that some planning policy could have less weight when considering the balance between deliverability and other considerations.
  - Undermine the Council's efforts to make sure that **Gateshead is a place where everyone thrives.**
5. This action plan should be read alongside the previous action plan and reviews the root causes of under delivery of housing in Gateshead, the actions to tackle this and whether they have been successful and if any additional or replacement actions are required.
  6. The plan links into other Council plans and strategies. The Council's Local Plan is made up of four parts. The joint (with Newcastle City Council) Core Strategy and Urban Core Plan (CSUCP) make up parts 1 and 2 which were adopted in March 2015 and require planning for 11,000 new homes. A joint CSUCP review was approved in March 2020. It should also be noted that the Government's forthcoming standard methodology in determining housing need may result in a reduced need for Gateshead.
  7. Part 3 of the Local Plan is Making Spaces for Growing Places (MSGP) (currently under examination) which is a site allocations document with provision for additional housing sites to accommodate a share of the 11,000 new homes along with the more detailed development management policies. Part 4 will be an Area Action Plan for Metrogreen which is an area of change around the Metrocentre to create a new community with potential for 850 homes by 2030 and further major growth thereafter.
  8. The Council's Housing Strategy identifies housing objectives and priorities including ensuring that the supply of new housing best meets current and future needs and aspirations and creates thriving mixed communities. The Council's Making Gateshead Thrive pledges require new housing to help people and families, tackle inequality, support communities, invest in the economy and create a better future for Gateshead.

## ROOT CAUSE ANALYSIS

9. This section reviews the root causes are to under delivery of new housing in Gateshead, the extent that the factors are contributing to under delivery and whether any further root causes have become apparent.
10. The previous action plans identified several root causes holding back the delivery of new housing in the Borough. These were:
  - High number of demolitions
  - Lack of diversity in the housing market
  - Activity in neighbouring local authorities
  - High development costs
  - Time taken to sign Section 106 Agreements
  - Land ownership and assembly

- Low levels of implementation of planning permissions
- Conditions imposed on planning approvals

11. This action plan has reviewed these root causes. The number of demolitions have reduced. Between 2015/16 and 2017/18 demolitions had an average reduction of 37% on total net additions and therefore this has had a large impact on net delivery. However, there has been a gradual reduction in the number of demolitions between 2015/16 and 2017/18 and a big drop from 2018/19 as shown below. The high number of demolitions therefore is no longer a significant issue for our delivery.

<b>Year</b>	<b>No. demolitions</b>
2019/20	0
2018/19	20
2017/18	107
2016/17	130
2015/16	164

12. In regard to time taken to sign Section 106 Agreements, the previous action plan set out that there were currently four large housing sites that were minded to approve by the Council's Planning and Development Committee, but which permission had not been formally issued due to waiting for Section 106 Agreements to be signed. The sites were as follows:

- Dunston Hill (hybrid application ref. DC/17/00170/FUL) – up to 582 dwellings – minded to grant on 21/11/18.
- Kibblesworth (outline application ref. DC/16/01207/OUT) – up to 225 dwellings – minded to grant on 12/12/18. Viability issues on the site have led to delays in the signing of the Section 106 Agreement.
- High Spen East (full application DC/18/00859/FUL) – 185 dwellings – minded to grant on 12/12/18. The signing of the Section 106 Agreement is expected imminently.
- Ryton (two full applications refs. DC/16/00320/FUL and DC/17/01376/FUL) – 550 dwellings in total – minded to grant on 13/03/19.

13. Good progress has been made on the High Spen East and Ryton sites and both have now been granted planning permission and preliminary works have commenced on both sites.

### **Covid 19**

14. Covid 19 has been a new factor influencing delivery and resulted in construction sites being closed for several weeks in 2020 and a slowing down of the housing market. However, this situation was not unique to Gateshead and construction in general has picked up across the country since then. A number of sites in the Borough are now progressing such as High Spen East and Ryton as discussed above.

### **Shortages in construction materials**



15. According to the Department for Business, Energy and Industrial Strategy (BEIS), the cost of materials rose 8.4% for all construction work in April 2021 compared to one year prior. This was a monthly increase of 2.6%. General material cost inflation is also forecast to rise by between 7 and 8% of the next year according to the Office for National Statistics (ONS). There has also been an increase in delays for building products to be delivered due to scarcity of supply. It is expected that this has hit SME builders hardest.
16. The above situation is not something that can be dealt with through this action plan as they involve the global supply chain and not something that can be influenced by the Council.

### **Issues that are not affecting delivery**

17. The previous action plan identified five factors that were not affecting delivery. These were:
  - Speed in determining planning applications
  - Decisions on planning applications
  - Allocating land for housing
  - Burdens from Community Infrastructure Levy (CIL)
  - Burdens from planning obligations
18. It is still considered that the above factors were not affecting delivery in 2020/21. There is no clear evidence to demonstrate that the imposition of CIL in certain areas of the Borough for certain types of development is affecting viability and therefore the deliverability of sites. The same applies for the imposition of planning obligations.
19. In regard to speed in determining planning applications, in the period 2018/19, the Council determined 100% of major planning applications for housing within 13 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%). Of these applications, 89% were granted permission.
20. For the same period, the Council determined 93% of minor planning applications for housing within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 65%). Of these applications, 81% were granted permission.
21. In the period 2019/20, the Council determined 100% of major planning applications within 13 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%). Of these applications, 94% were granted permission.
22. For the same period, the Council determined 84% of minor planning applications within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 65%). Of these applications, 86% were granted permission.

23. The above demonstrates that the Council is still dealing with applications in a speedy manner, exceeding national targets and therefore not affecting delivery.
24. In regard to land allocated for housing, the CSUCP has allocated 14 strategic sites for housing equating to approximately 4191 homes. MSGP was adopted in February 2021 and allocates 101 sites for housing equating to approximately 2789 homes.

## **REVIEW OF PREVIOUS ACTION PLAN MEASURES**

25. The previous action plan was published in September 2020. The measures set out to increase delivery in that plan were:

- Speed up the signing of S106 Agreements.
- Speed up the disposal of Council-owned land.
- Ensure the timely adoption of MSGP.
- Speed up the delivery of in-house development.
- Increase the promotion of Gateshead as a place to build new homes.
- Publish the digital tool providing site information.
- Better understanding of developer needs and suggestions.
- Stimulate the supply of affordable new homes and focus on future affordable housing delivery.
- Identify options for redundant housing stock and existing or proposed development requirements.

26. The following measures from the previous action plan have helped to increase delivery (or will in future years).

- GRP have increased output and expanded the number of active sites. The following sites are under construction – Trilogy Phase II, Birtley Northside, Rowlands Gill and Windy Nook. In addition planning permission has been granted for the freight depot site.
- Permission in Principle (PIP) has been granted on 3 sites which will help deliver approximately 200 homes in the Borough.
- A total of 22 Development Frameworks have now been completed.
- MSGP was adopted in February 2022.
- In-house delivery has taken place at the Lyndhurst, Seymour Street, Winlaton supported accommodation and Derwentside sites, whilst the Clasper Village, South Road, Bute Road South and Aycliffe Avenue sites have gained planning permission.
- Section 106 Agreements have been signed, planning permission issued and preliminary works commenced for the large housing sites at Ryton and High Spen East.
- Council-owned site at Chase Park Depot which has PIP has been put on the market.

27. The following measures in the action plan have not been as successful.

- Delays in signing s106 agreements for the Kibblesworth and Dunston Hill sites. For Kibblesworth this was largely outside the Council's control. For Dunston Hill delicate negotiations despite limited resources have recently re-started.
- Disposal of Council-owned sites has proven more complicated than expected.
- In-house delivery has been slower than anticipated due to viability challenges caused by site remediation costs and a relatively weak local housing market.
- Only a small proportion of sites on Part 1 of the Brownfield Land Register have been granted Permission in Principle and placed on Part 2 of the Brownfield Land Register.
- Delays in the publication of the digital tool due to a bid for central government being unsuccessful and having to increase resources in ICT Services.

## **KEY ACTIONS, RESPONSES AND MONITORING**

28. From the above analysis there are a number of measures that are working well but also a number of measures that still need to be improved to help increase delivery (in the short, medium and long term).
29. As with the previous action plans consideration has been given to:
- The extent to which the issues are affecting delivery and therefore the extent to which factors are most likely to be improved.
  - The extent to which the issues are within the Council's control and depending on this, the other stakeholders that will need to be involved.
  - The timescales required for key actions and responses. For example, some could be achieved in the short term, but others may be medium or long term.
  - Measures which the Council currently has in place.

### **Extent to which the issues are affecting delivery**

30. From the root cause analysis and review of measures in the previous action plans, the following issues are having the greatest potential impact on delivery.
- Lack of diversity in the housing market, meaning that there is a reliance on volume homebuilders for delivery due to a lack of SME homebuilders developing in the Borough.
  - Ground conditions in the Borough, in particularly relating to former mine workings and contaminated land in conjunction with a large proportion of allocated sites being brownfield. This brings about viability and technical challenges of developing sites.
  - Low land values in many parts of the Borough which brings about viability challenges of developing sites.
  - Slower than anticipate delivery of in-house development, due to viability challenges because of a relatively weak local housing market and poor ground conditions, making the business case unviable.
  - Delays in signing Section 106 Agreements due to delicate land negotiations.
  - An on-going review of disposal of Council-owned land to better meet the needs of the Housing Strategy, limiting the number of sites progressing to market or development in the current financial year.
31. The Council is a significant landowner in the Borough and much of its land is allocated in the Local Plan for housing development. For example, the Council

wholly owns or partially owns land which covers 69 allocated sites and 4 non-allocated sites which have an expected delivery of 4097 homes. Of these, 1902 homes are included in the supply of deliverable homes within the 5 year period 2020 to 2025, 1876 within the 5 year period 2025 to 2030 and 319 more in the period 2030 to 2032. **Therefore as an average, between 2020 and 2032, 342 homes per year need to be delivered on Council-owned land.** This means there is a big part for the Council to play in terms of disposing of its land for housing development and, where prudent to do so, ensuring in-house development on its own land.

32. It is therefore considered that tackling the above issues will provide the best opportunity of boosting delivery. A separate report with a plan for progress in this regard is expected in Autumn.

### **Extent to which the issues are within the Council's control**

33. There are several of the above factors which are largely within the control of the Council. These include the delivery of homes directly by the Council, making it easier and more worthwhile for SME homebuilders to operate in the Borough, the planning application and Section 106 process, the Local Plan process and the disposal of Council land for housing with the Council being a major landowner in the Borough.
34. Issues that the Council has less control over include the actions of volume homebuilders and the actions of neighbouring local authorities so there is less focus on these factors, including the very high levels of delivery, greatly exceeding identified need, in neighbouring local authorities, some of which share the same housing market area as Gateshead.

### **Actions and monitoring**

35. The table below set out the proposed actions, how they will be implemented, by whom and when. The focus can be on a manageable number of tasks. In addition, the actions proposed are considered to have the potential to have the biggest impact on delivery and are generally within the Council's control.
36. The following are to form the measures of the revised action plan:
  - Speed up the signing of s106 Agreements by end of 2021. This will provide an opportunity for many larger sites to be delivered earlier.
  - Issue a call for sites as part of the Local Plan process. This is expected to take place in summer 2021 and invites landowners and developers to submit information on sites that they feel will be suitable for new housing. This will not include greenfield sites in the Green Belt.
  - Speed up the disposal of Council land for housing. The Council owns many small sites that are suitable for housing and many benefit from their allocation in MSGP, a Development Framework, or Permission in Principle.
  - Review delivery of Council led development to ensure sites are deliverable.
  - Promoting Gateshead corporately along with regular discussions with developers to discuss any problems affecting delivery. Discussions are ongoing with Homes England, promoting Gateshead as a place for housing growth to

give a better opportunity to secure funding for infrastructure to unlock brownfield sites such as Metrogreen. Reorganisation within the Council has led to the formation of a team championing housing growth.

- Publish the digital tool. Whilst a funding bid was unsuccessful, it did force the Council to look more corporately at digital planning and did lead to the Council committing financial resource to the project. Over the coming year in line with the Planning White Paper, the Council will improve its digital planning capabilities to improve and streamline and provide an efficient process.
  - Development of a new Affordable Housing Strategy and Delivery Plan to explore and agree any new affordable housing policies in Gateshead to stimulate the supply of affordable new homes, and to provide a focus for future affordable housing programme delivery.
  - Detailed review of the Housing Revenue Account (HRA) Strategy and identification of uneconomic housing stock to enable discussion on options for potential redundant housing stock moving forward, including any impact on existing or proposed development frameworks.
37. The actions set out in the table have different timescales and are capable of being measured. In terms of reporting, this would be done annually to the Council's Cabinet, the Council's relevant Portfolio holders and to the Council's Planning and Development Committee and set out the success of measures. Following the annual publication of the Housing Delivery Test results, any future requirement for an Action Plan and the contents of the plan would be signed off by Cabinet.

Actions	How implemented	Responsibility	Timescales	Already in place?	How monitored
		Strategic Director Economy, Innovation and Growth (EIG) Strategic Director Housing, Environment & Healthy Communities (HEHC)			
Speed up the signing of S106 Agreements	Review the process with Legal and Democratic Services and developers. Identify reasons for lack of progress once resolution to grant permission has been made, use of standard template and milestones set out as part of the planning application process including the signing of S106 Agreements.	EIG; Development Management	September 2021	In progress	Review takes place and results in new measures being brought in to tackle delays.
Issue a call for sites as part of the Local Plan process	Invitation to landowners and developers to submit information on sites that they feel will be suitable for new housing. This will not include greenfield sites in the Green Belt. The sites put forward will then be analysed by the Spatial Planning team.	Spatial Planning	Summer 2021	No	Review responses to call for sites.
Speed up the disposal of Council-owned land	Set out target timescales for disposal where there is a Development Framework and/or PIP in place.	EIG; Property Services; Portfolio Members for Housing and Environment and Transport	December 2021	In progress	Monitoring of how quickly sites are disposed.
Speed up the delivery of in-house development taking viability into account.	Review programme of housing delivered directly by the Council. Allocated more resources to in-house delivery, including potentially from the New Homes Bonus.	EIG; Housing Growth & Development and HEHC; Housing Strategy; Portfolio Members for Housing and Environment and Transport	December 2021	In progress	Assess the number of homes completed each year.
Increase the promotion of Gateshead as a place to build new homes.	Regular meetings with developers and the creation of a team championing new housing delivery (Housing Growth team).	EIG; Major Projects & Communications team; Portfolio Members for Housing and Environment and Transport	On-going	In progress	Housing Growth team continues to champion housing delivery and liaises with developers.

Publish the digital tool providing site information.	Tool is available to use on the Council's website which will help to support SMEs to take on more sites and implement more existing permissions.	EIG; Spatial Planning; ICT Services	December 2021	In progress	Spatial Planning team are directly involved in rolling out the tool and will therefore be able to directly monitor.
Stimulate the supply of affordable new homes, and to provide a focus for future affordable housing delivery.	Development of a new Affordable Housing Strategy and Delivery Plan to explore and agree any new affordable housing policies in Gateshead.	HEHC; Housing Strategy	December 2021	No	New Affordable Housing Strategy and Delivery Plan produced.
Identify options for redundant housing stock and existing or proposed development requirements	Detailed review of the Housing Revenue Account (HRA) Asset Strategy.	HEHC; Housing Strategy	December 2021	No	Detailed review of HRA Strategy carried out.
Increase publicity and a point of contact for SMEs looking to develop in the Borough.	Publicise a point of contact within the Council as a co-ordinator for SME developers with input from Planning and Property functions to provide advice and guidance along with the digital tool, development frameworks, brownfield land register and PIPs.	Housing Growth, Property Services and Spatial Planning.	December 2021	Partially	Promotion on website and social media.